

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

July 31, 2021

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is positioned above the name of the Chief Financial Officer.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
JULY 31, 2021**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$176.7 million. The balance decreased by \$5.8 million for the month due to cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2022.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund. It had a month-end balance of \$99 thousand.

Other accounts receivable, net had a month-end balance of approximately \$100 thousand. Its balance decreased \$171 thousand from prior month primarily due to the quarterly payments from the CLF to reimburse the Operating Fund for payroll, rent and administration costs.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$1.4 million for the month primarily due to vendor/trade and overhead transfer payables.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Statements of Revenues, Expenses, and Changes in Fund Balance

Revenues in excess of expenses totaled \$1.1 million for the month. Operating fees reflect one-twelfth of the 2021 Operating Fees. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 62.3 percent of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position decreased \$5.8 million from prior month. In the current month, \$5.5 million was used in operating activities, and \$337 thousand was used in investing activities. There were no financing activities in the current month.

Other Information

The Agency had 31 vacancies as of month-end. Of the 31 vacancies, none was in the central office and 31 were in the regions and Asset Management and Assistance Center (AMAC). The 31 vacancies represent 2.6 percent of total authorized staff of 1,192.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of July 31, 2021 and 2020

(Dollars in thousands)

| | July 2021 | July 2020 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 176,655 | \$ 167,129 |
| Due from National Credit Union Share Insurance Fund | 99 | 97 |
| Employee advances | 15 | 16 |
| Other accounts receivable, Net | 100 | 90 |
| Prepaid expenses and other assets | 6,925 | 5,639 |
| Fixed assets - Net of accumulated depreciation of \$40,617 and \$37,138 as of July 31, 2021 and July 31, 2020, respectively | 26,630 | 29,808 |
| Intangible assets - Net of accumulated amortization of \$27,226 and \$22,111 as of July 31, 2021 and July 31, 2020, respectively | 32,216 | 28,780 |
| TOTAL ASSETS | \$ 242,640 | \$ 231,559 |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts payable and accrued other liabilities | \$ 12,923 | \$ 6,360 |
| Obligations under capital leases | 65 | 688 |
| Accrued wages and benefits | 8,752 | 8,443 |
| Accrued FECA and unemployment benefits | 311 | 315 |
| Accrued actuarial FECA benefits | 4,381 | 4,276 |
| Deferred revenue ¹ | 51,771 | 60,661 |
| Accrued annual leave | 25,307 | 22,393 |
| Note payable to National Credit Union Share Insurance Fund | - | 4,246 |
| TOTAL LIABILITIES | 103,510 | 107,382 |
| FUND BALANCE | 139,130 | 124,177 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 242,640 | \$ 231,559 |

¹The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

For the periods ended July 31, 2021 and 2020

(Dollars in thousands)

| | <u>July 2021</u> | <u>Year-to-Date July 2021</u> | <u>Year-to-Date July 2020</u> |
|---|-------------------|-----------------------------------|-----------------------------------|
| REVENUES | | | |
| Operating fees | \$ 10,355 | \$ 72,481 | \$ 84,929 |
| Interest | 7 | 25 | 303 |
| Other | 30 | 233 | 351 |
| Total Revenues | <u>10,392</u> | <u>72,739</u> | <u>85,583</u> |
| EXPENSES, NET¹ | | | |
| Employee wages and benefits | 7,352 | 53,816 | 52,110 |
| Travel | 23 | 124 | 1,989 |
| Rent, communications, and utilities | 141 | 1,358 | 1,224 |
| Contracted services | 1,381 | 11,345 | 8,991 |
| Depreciation and amortization | 294 | 2,082 | 1,629 |
| Administrative | 107 | 1,178 | 1,414 |
| Total Expenses, Net | <u>9,298</u> | <u>69,903</u> | <u>67,357</u> |
| EXCESS OF REVENUES OVER / (UNDER) EXPENSES | 1,094 | 2,836 | 18,226 |
| FUND BALANCE—Beginning of period | <u>138,036</u> | <u>136,294</u> | <u>105,951</u> |
| FUND BALANCE—End of period | <u>\$ 139,130</u> | <u>\$ 139,130</u> | <u>\$ 124,177</u> |

¹ Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 62.3% and 61.3% for 2021 and 2020, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF CASH FLOWS

For the periods ended July 31, 2021 and 2020

(Dollars in thousands)

| | <u>July 2021</u> | <u>Year-to-Date July 2021</u> | <u>Year-to-Date July 2020</u> |
|---|-------------------|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Excess of revenues over (under) expenses | \$ 1,094 | \$ 2,836 | \$ 18,226 |
| Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities: | | | |
| Depreciation and amortization | 775 | 5,489 | 4,210 |
| (Gain) Provision for loss on disposal of assets held for sale | - | - | (11) |
| (Increase) decrease in assets: | | | |
| Due from National Credit Union Share Insurance Fund | 21 | 3,163 | 2,212 |
| Employee advances | - | 1 | (9) |
| Other accounts receivable, net | 171 | 215 | 271 |
| Prepaid expenses and other assets | (283) | (2,891) | (1,625) |
| (Decrease) increase in liabilities: | | | |
| Accounts payable | 1,377 | 4,834 | (2,942) |
| Accrued wages and benefits | 1,736 | (1,837) | (1,583) |
| Accrued FECA and unemployment benefits | - | 157 | 146 |
| Deferred revenue | (10,354) | 51,771 | 60,661 |
| Accrued annual leave | - | 2,969 | 3,448 |
| Accrued employee travel | - | (82) | (708) |
| Net Cash Provided by/(Used in) Operating Activities | <u>(5,463)</u> | <u>66,625</u> | <u>82,296</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of fixed and intangible assets | (337) | (1,333) | (8,723) |
| Proceeds from sale of assets held for sale | - | - | 434 |
| Net Cash Provided by/(Used in) Investing Activities | <u>(337)</u> | <u>(1,333)</u> | <u>(8,289)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayments of note payable to National Credit Union Share Insurance Fund | - | - | (782) |
| Principal payments under capital lease obligations | - | (24) | (588) |
| Net Cash Provided by/(Used in) Financing Activities | <u>-</u> | <u>(24)</u> | <u>(1,370)</u> |
| NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS | (5,800) | 65,268 | 72,637 |
| CASH AND CASH EQUIVALENTS—Beginning of period | <u>182,455</u> | <u>111,387</u> | <u>94,492</u> |
| CASH AND CASH EQUIVALENTS—End of period | <u>\$ 176,655</u> | <u>\$ 176,655</u> | <u>\$ 167,129</u> |
| SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES | | | |
| Acquisition of equipment under capital lease | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 83</u> |
| CASH PAYMENTS FOR INTEREST | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 47</u> |

The balances in the statement above are preliminary and unaudited.